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A Look Behind the Iron Curtain Shows Dollar's Surprising Stature

By J. A. Livingston

PRAGUE, Aug. 25—Forgive a seemingly silly question: What's money?

The economic textbooks tell plainly enough: A medium of exchange, a measure and store of value. And so it is.

But you don't really get the full feel of it, you don't appreciate how precious a use-it-anywhere currency is, until you enter the Iron Curtain countries.

And then, isn't the dollar simply wonderful!

Not solely because you can exchange it for Czech crowns to pay your hotel bill and buy food in a restaurant or negotiate purchases in the big department store—White Swan. No, it's more than that.

The dollar parts the Iron Curtain. It's prized more in Czechoslovakia or in Poland

than—hold your breath—the Soviet ruble.

I have before me a catalogue issued by Tuzex. These are shops specially set up to serve the traveler in Czechoslovakia. In America, with characteristic bluntness, we'd call them dollar traps. Prices are quoted in dollars.

WHAT A TRIBUTE this is! In New York or San Francisco, some stores might put cards in the window saying Spanish is spoken, or French. But prices would be denominated in dollars, not francs or pounds or some other foreign currency.

This use of the dollar in Czechoslovakia, as a supplementary medium of exchange, mirrors the problem of the entire Communist bloc.

Each Communist country operates as an island of commerce, separate to itself. Each is striving to industrialize. Each manages its own money. And each, therefore, rigidly strives to control imports and exports, both with Communist countries and the so-called capitalist countries.

And this makes the dollar—the hard money of the Western world—so desirable. It's usable anywhere—to buy equipment or raw materials. Poland, as an example, is planning in the next five years a great in-

crease in exports to the United States, in order to avoid cutting back on much-needed imports. Intent: To acquire dollars and repay debt.

But let's get back to Tuzex in Prague. The operation of these shops explains much. Diplomats get a 40 per cent discount on Tuzex jewelry, clothing, china, glassware, which are usually of a better quality than in regular stores.

AND THEY can also purchase meat, meat of the type served at the Hotel Alcron or Jalta, far superior to that obtainable in the small butcher shops serving the general public. And the meat will be delivered to the diplomat's house, nicely wrapped. Such service we should have in supermarketed America!

Why such attention?

Nurnburg in West Germany is but a short hop. Members of the embassy set can take off for two or three days and replenish their households. So the service and the discount is designed to hold pounds, dollars, guilders and other hard currencies in Czechoslovakia for the Czech treasury.

The average Czech can use Tuzex shops only if he receives dollars from relatives or friends abroad. But Soviet rubles and other Communist currencies are not acceptable. Thus, in Tuzex, Communist money is second-class money, including the Czech crown.

INCIDENTALLY, you can calculate five different values for the crown. The nominal, official rate is roughly seven for the dollar. But tourists can get crowns at 14 for the dollar for the first four dollars exchanged each day in Czechoslovakia.

Beyond four dollars a day, the rate doubles in favor of the tourist to 28 to the dollar. This makes travel in Czechoslovakia economical and sets up a third price for the crown.

The 40 per cent discount allowed diplomats at Tuzex establishes a fourth rate. Finally, Czech citizens, who wish to travel, have to pay a penalty rate. They exchange 35 crowns to obtain one dollar. This is to discourage the use of a precious commodity, money which can be used to buy things the Czech economy badly needs.